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Controls on Rewald papers issued

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Some of the CIA information Ronald Rewald kept in his Honolulu offices is so sensitive that disclosure "could cause serious damage to the national security of the United States or be used to the advantage of a foreign nation," federal Judge Harold Fong held this week.

Fong issued a protective order setting forth the strict controls under which Rewald's criminal defense attorney will get access to the information to prepare for trial in March.

Rewald faces 100 counts of fraud, perjury and income tax evasion in connection with his use of millions of dollars invested with the firm of Bishop Baldwin Rewald Dillingham & Wong. Rewald says whatever he did, he did for the CIA.

The CIA acknowledges a "slight contact" with Rewald, but denies establishing or running his operation.

The materials covered by Fong's ruling include an affidavit by Rewald, and the contents of six envelopes of documents taken from Rewald's office shortly after the collapse of the company in July 1983. The court said that Rewald's affidavit, with exhibits, "has been determined to contain information classified or classifiable up to Secret."

"Secret" is the broad general security classification between "Confidential" and "Top Secret."

Some of the security is months too late: early copies of Rewald's affidavit and of many of the documents believed to be in the envelopes apparently

have been widely distributed to the media.

They are believed to include Rewald's claims that the company provided commercial cover for some CIA personnel — a claim now generally acknowledged to be true. They are also believed to contain Rewald's claim that the CIA used the firm to arrange arms deals with foreign countries — a claim yet to be proved.

Federal public defender Michael Levine, representing Rewald, was given an interim "secret" clearance so that he can review any CIA-related material the government reveals.

The judge's order also requires Rewald to disclose to the prosecution any classified information he expects to use in his defense.

Fong appointed four court security officers to make sure classified material is protected. One of their first tasks was to approve a secure place for storage. Government workers were seen trundling a massive safe through the federal building Tuesday for storage of some of the materials.

The next question will be whether any of the classified materials are relevant to the trial. Fong has said he has seen nothing in the indicting papers that suggests that CIA involvement is a defense to the crimes of fraud, perjury and income tax evasion.

If Fong holds to that view, Rewald will have to go to trial without much evidence about the CIA. If he loses at trial, he could always appeal later, saying Fong was wrong to bar the CIA material.

If Fong says all the CIA information can be revealed at trial, the government is expected to fight with an immediate appeal to protect at least a few state secrets.

The security precautions being taken are elaborate but standard for such material:

- Classified material can't even be discussed except "in an area approved by the Court Security Officer" where no one can overhear.

- None of the information can be discussed over the telephone or an intercom.

- Only persons with appropriate clearances can type or transcribe any of the information, and then only on machines approved by the court security officer.

- Some of the stuff can be reviewed, if at all, only in the offices of the FBI or the U.S. Attorney.

- Any notes taken about such materials will themselves be classified, and can be reviewed only in secure places.

- The typewriter ribbons on which anything classified is typed must themselves be stored under lock and key.